

**MINUTES
EAGAR TOWN COUNCIL
WORK SESSION
22 W. 2nd St., Eagar, AZ
April 19, 2016 – 6:00 P.M.**

The Work Session was called to order.

COUNCIL PRESENT: Bryce Hamblin, Mayor
James Nelson, Jr., Vice Mayor
Steve Erhart
John O. Phelps
Debra Seeley
Winslow McNeill
Allen Browning

STAFF PRESENT: Tami Ryall, Town Manager
Bruce Ray, Public Works Director
Katie Brady, Finance Manager
Eva Wilson, Town Clerk
Mike Sweetser, Interim Police Chief
Frank Adams, Fire Chief

1. WORK SESSION TO DISCUSS THE FISCAL YEAR 2016-2017 TENTATIVE BUDGET

Employee Compensation

To review where the Council left off from the previous work session, Town Manager Tami Ryall reiterated the process undertaken to recommend a cost of living adjustment (COLA).

- Looked at all the communities in our region – Navajo and Apache counties.
- Looked at a sampling of comparable communities from similar counties.
- Reviewed the League of Arizona Cities and Towns 2015 Salary and Benefits Survey.
- Looked at our history, inflation information, and what has been done in our region.

The cost of each one percent point of salary increase is approximately \$24,000 per point with a one percent increase cost to the General Fund of \$14,824, HURF \$3,687, and Utility \$5,311. The cost of a three percent increase will cost the General Fund \$44,471, HURF \$11,061, and Utility \$15,932. Councilor John Phelps asked if a COLA was included in the 2013 market adjustment because it is believed that employees have not received a COLA in six years. Ms. Ryall stated this was a range adjustment for each position to match years of service; and it is correct that employees last received a COLA in 2010.

Historically employees received a three percent COLA in 2006, 2007, 2010 and a variable market adjustment in 2013. Employees making under \$30,000 which is eight employees, two received an increase due to the market adjustment. Employees making \$30,000-\$40,000 which is six employees, three received an increase due to the market adjustment. Employees

making \$40,000-\$50,000 which is eight employees, five received an increase due to the market adjustment. Employees making \$50,000-\$60,000 which is seven employees, seven received an increase due to the market adjustment. And employees making \$60,000 and above, of the seven employees, five received an increase due to the market adjustment. Employees that were under \$40,000, 30% received the variable market adjustment and 70% of those employees have not seen a wage adjustment since 2010.

The cost of the 2013 market adjustment with wages and benefits was a total of \$131,409.

The historical overtime overview going back to fiscal year 2011-2012 through 2014-2015 average was \$41,217 over the four fiscal years with wildland fire netted out as it is reimbursable.

Ms. Ryall asked for discussion.

Council Phelps asked if the Town was sufficiently staffed. Ms. Ryall stated that the Town can make due with its current staffing, however at this time the police department is short-handed. Interim Chief Mike Sweetser stated the police department should at least be staffed with seven in-town officers and one ACCENT position. Currently the police department is operating with four officers and he just recently sent two new applicants to the police academy, and the third vacant position is dependent on the chief of police position being filled. Seven is a minimum for all around efficiency. Ms. Ryall added that she is not asking for any other additional staffing in the 2016-17 budget.

There was extensive discussion regarding the type of pay system the Town should move forward with, whether a step system within a classification and range system is wanted again as in the past, with some Councilors stating that a pay increase should not be automatic. The Council leaned more toward a pay for performance model with the employee's annual anniversary being the timeline, with the supervisors playing a critical role in determining which of their employees were performing enough to be rewarded with a merit adjustment. It is also important to Council that the employees undergo the performance evaluation reviews to help with the merit adjustment process.

There was also discussion whether the COLA will place particular employees above the market pay range. Although with a COLA the entire range moves with the percentage of increase. However, there was some concern on giving COLA to employees that were already significantly over the market range for their positions and how was that to be addressed. Ms. Ryall stated most positions were comparable, with the Town only have a few outliers that will need to be re-evaluated. Ms. Ryall is unsure how many are topped out and will look at that when the outliers are re-evaluated. She will come back with a better picture on the issue.

Councilor Erhart's concern is with a three percent COLA all the ranges move with it, however, this means that all employees stay in their market adjustment position but no one is being compensated for their years of service, there is no progression for an employee's experience or improvement. There are two separate issues: the COLA, and an individual's percent of increase.

After much discussion the consensus of the Council was that it is realized that employees have not received a COLA in six years, and that employees have done a respectable job of working to reduce the Town's debt by doing more with less, and that it would be very helpful to the employees to give them a COLA to keep up with everyday costs and to help ensure they will continue to stay employed with the Town. The work the employees have done to help with the Town's debt and their commitment to their jobs is appreciated.

It was agreed that the 2013 market adjustment did not include a COLA but was to bring the Town's salaries up to par within the comparable range with our neighbors and similar towns of our size and that most of the neighbors or similar towns received a COLA last year.

Ms. Ryall reiterated the highlights of the discussions:

- Budget the three percent COLA for fiscal year 2016-2017,
- No adjustment to the ranges,
- Fix both the outliers and come back to Council with adjustments to the ranges at a later date, independent of the three percent COLA (all based on comparability as listed above),
- Bring back a proposal that is merit-based, step-based on the employee's anniversary date,
- COLA's, and merit or step increases are two separate issues,
- Employee performance evaluations be reinstated and used to determine merit adjustments.

Councilor Browning is recommending that a COLA be budgeted and planned each year which could be a variable amount depending on inflation and/or performance. Councilor Erhart suggested Ms. Ryall re-evaluate the positions where responsibilities have increased in positions since the reduced staffing.

Updated Information

Stated Shared Revenue figures have been received and the Town will receive approximately \$37,000 more than forecasted.

Since the last reporting additional deposits were made into the LGIP reserves, therefore, the reserves are at \$1.25 million and of that the General Fund is at \$645,578.

Recap of all budget proposals to date have included:

- General Fund expenditures are down \$400,655,
- Worker's Compensation is down,
- Public Safety Retirement is up a minor amount of approximately \$12,000,
- Medical insurance is flat,
- Court costs are down,
- Arizona State Retirement System is nearly flat,
- Budget includes purchase of the Rec Center property,
- No more Ramsey Park North payment,

- HURF expenditures are up \$23,564 from Capital Improvement Projects,
- Utility Fund expenditures are down \$30,831.
 - Continues freeze on sewer rates
 - Includes early payoff of WIFA loans
 - Continues applying an extra \$75,000 per year to early debt retirement paying off all WIFA debt within the five-year model

Due to these three months of budget discussions, going forward, the Town will:

- Analyze the impact of calculating commercial sewer rates on lowest four months of the year, instead of the four months of winter to determine impact for next year's budget,
- Continue to research and reduce water loss in the system and fix the anomalies including going back to the accounts that are non-billed and advising those users that they will be billed going forward,
- Start tracking users by category to continue to have more meaningful benchmarking,
- Continue to build the General Fund LGIP balance as protection against any downturn.

The budget calendar for the remainder of this budget planning process schedules the adoption of the fiscal year 2016-2017 tentative budget on May 3, 2016 with the final adoption June 7, 2016.

Ms. Ryall asked for discussion on the item of staffing of the police department shifts with full coverage from 6:00 a.m. to midnight and on-call coverage from midnight to 6:00 a.m. By following that schedule the calculations show it equals half of a full-time employee. Until it is determined what is happening with ACCENT, filling a position will not occur until further direction is received from Council. Interim Chief Sweetser can help with this discussion.

Interim Chief Sweetser stated not having an officer out after midnight reduces on-view activity and visibility when in the warmer months there is increased activity with vehicle burglaries, DUIs, and general mischief. The liquor establishments close at 2:00 a.m. at the latest and some patrons still have to drive through Eagar to get home. Regular calls or request for response at those hours is minimal with many of the responses being agency assists. It was discussed that some of hours can be claimed and reimbursed with Governor's Office Highway Safety (GOHS) funding, as often occurs with extra coverage during holiday weekends or significant events. The overlapping coverage relieves officers so they can also spend time in the office completing paperwork, reports and other duties. Interim Chief Sweetser can provide statistics and an analogy of impacts of past activity to Council in the near future.

After much discussion the concerns aired for the police coverage were that there may or may not be undetected crimes occurring when the coverage is not provided, whether the visibility can help prevent crime and whether on-view activity will be productive. That the Town of Eagar cannot compete with some of the salaries other entities provide, and that the Town has to get creative to find the funds to compensate competitively, (such as Mayor Hamblin's idea to

eliminate coverage midnight-6:00 a.m. with that savings going into compensation) that keeping our officers here is vital to the professionalism and morale of the department.

Councilor Erhart wanted to know if there is room in this budget to cover any additional coverage needed. Ms. Ryall added that mid-year budget adjustments can be discussed if the adopted budget is not sufficient to cover any unpredictable overtime and additional coverage needed. The police personnel budget was built at the same amounts as last year including budgeted overtime. There is room for schedule flexibility and all positions are fully budgeted.

Councilor Phelps asked what response times are for an officer responding from home versus an officer working shift. Interim Chief Sweetser stated an on-duty officer can respond anywhere in the town within a couple of minutes depending on their proximity to the call for service, and an on-call officer is required to respond to a call of service within ten minutes according to policy.

Lee and Jonathan Wiltbank addressed the Council about a concern with information presented at a previous Council meeting whereas the police department's in-vehicle hardware and software proposals were discussed in the CIP. They addressed concerns about the transmittal of secure information through the system and dealing with compliance and regulations. As they have experience in this realm, they were concerned with the proposal of cost of the hardware and software as they felt the proposed bids were high on the hardware portion and underbid in the software portion. Ms. Ryall stated she doesn't have any of that information with her tonight and asked the Wiltbanks to meet with either her or Interim Chief Sweetser on the subject at a later date.

The Council planning session adjourned at approximately 6:52 p.m.

Attest: _____

Mayor: _____

Vice-Mayor: _____

Council: _____

